

Message Text

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FM SECSTATE WASHDC

TO USINT ALGIERS

AMEMBASSY LAGOS

AMEMBASSY ROME

AMEMBASSY TEHRAN

C O N F I D E N T I A L STATE 043330

ALGIERS FOR KELLER; ROME FOR COMM OFF; LAGOS AND TEHRAN
FOR PETROL OFF.

FOLLOWING SENT ACTION SECSTATE INFO TEL AVIV MARCH 7, FROM
DAKAR REPEATED TO YOU QUOTE:

C O N F I D E N T I A L DAKAR 0933

EO: 11652: GDS

TAGS: ENRG, SG

SUB: SENEGAL APPROACH TO USG ON OIL REFINERY

1. SUMMARY: I WAS SUMMONED FOR MEETING WITH PRIME MINISTER
ABDOU DIOUF ON MARCH 5, AND WAS RECEIVED BY HIM IN COMPANY OF
MINISTER OF INDUSTRIAL DEVELOPMENT ALEXANDRENNE, MINFINANCE
BABACAR BA, SECSTATE FOR PLAN OUSMANE SECK AND JOSEPH GOLAN.
SPEAKING ON BEHALF OF PRESIDENT SENGHOR AND GOS, PRIME MINISTER
OUTLINED COMPREHENSIVE PLAN FOR CONSTRUCTION OF EVENTUAL 20
MILLION TON OIL RIFINERY IN SENEGAL. END SUMMARY.

2. PLAN IS TO REFINE TWO- THIRDS HEAVY CRUDE FROM IRAN AND ONE
THIRD LIGHT, SULFUR- FREE CRUDE FROM NIGERIA, AND POSSIBLY GABON
OR ALGERIA, INTO ONE- HALF NAPHTHA OR FUEL OIL PRODUCTS AND ONE- HALF
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LIGHTER PRODUCTS FOR AMERICAN MARKET. REFINERY WOULD BE LOCATED
JUST NORTH OF KAYEAR, PERHAPS 30-40 MILES NORTH OF DAKAR, AT A
POINT WHERE OCEAN DEPTH WOULD PERMIT SUPERTANKERS APPROACH

WITHIN 200 METERS OF SHORE SAID TO BE ALMOST UNIQUE SITE ON AFRICAN COAST, SO THAT VERY LITTLE WHARF CONSTRUCTION WOULD BE REQUIRED. REFINERY WOULD ALSO INCLUDE PETROCHEMICAL COMPLEX WHICH WOULD BE LINKED AS WELL TO NEIGHBORING PHOSPHATE PRODUCTION AT TAIBA. TOTAL COMPLEX, WHICH WOULD BE BUILT IN STAGES OVER PERHAPS TEN YEARS, WOULD PROVIDE OVER 2,000 JOBS FOR SENEGALESE AND WOULD CONTRIBUTE TO DECENTRALIZATION OF POPULATION AWAY FROM OVERCROWDED DAKAR AREA.

3. THERE ARE TWO KEYS TO THE OPERATION, THE SECURING OF SOURCES OF RAW CRUDE AND THE AVAILABILITY OF A MARKET. THE INVESTMENT IS TO BE MADE BY SEVERAL SUBSTANTIAL FIRMS AND INDIVIDUALS. THESE INCLUDE: SOL LINOWITZ, OF COUDERT BROTHERS, WASHINGTON; GENERAL MARITIME, A US CORPORATION; MARITIME FRUIT CORPORATION, AN ISRAELI/ US SHIPPING FIRM WHICH NOW OWNS OVER 100 SHIPS, WITH MORE ON ORDER, AND WHICH IS INVOLVED AMONG OTHER THINGS IN THE SHIPMENT OF ECUADOR NATURAL GAS TO SOUTHERNCALIFORNIA AND ITS LIQUEFACTION. THE CAPITALIZATION OF THE PROPOSED REFINERY IS TO CONSIST OF A MAJORITY US INTEREST, A MINORITY GOS INTEREST, AND TEN PER CENT SET ASIDE FOR THE GOVERNMENTS OF IRAN AND NIGERIA EACH, AS AN INDUCEMENT TO SECURE THE SOURCE OF THE TWO TYPES OF CRUDE.

4. THE GOVERNMENT OF SENEGAL RECOGNIZES THAT UNDER U. S. LAW SENEGAL WOULD NEED A SPECIFIC QUOTA EXCEPTION TO PERMIT MARKETING OF EXTERNALLY REFINED PRODUCTS IN THE UNITED STATES. THE PRIME MINISTER MADE THE POINT THAT HIS GOVERNMENT IS ALSO AWARE OF THE GROWING AMERICAN PREOCCUPATION WITH THE OVERALL ENERGY SCARCITY PROBLEM, AS WELL AS AMERICAN CONCERN OVER ECOLOGICAL AND POLLUTION FACTORS WORKING AGAINST EXPANDING DOMESTIC REFINERY CAPACITY AND THE HANDLING OF SUPERTANKERS IN THE U. S. SENEGAL, ON THE OTHER HAND, IS A SINGLE CROP COUNTRY, DESPERATELY IN NEED OF SOURCES OF DEVELOPMENT, FOR WHICH POLLUTION IN ANY FORM IS THE LEAST OF ITS PROBLEMS. HE ALSO NOTED THAT THE PRESENT USG BELIEVES STRONGLY IN THE VALUE OF PRIVATE INITIATIVES TOWARD DEVELOPMENT AS BEING MORE EFFICACIOUS IN THE LONG RUN THAN OFFICIAL GOVERNMENT TO GOVERNMENT FORMS OF AID. ACCORDINGLY THE GOVERNMENT OF SENEGAL IS FORMALLY REQUESTING CONSIDERATION BY THE USG OF THE ESTABLISHMENT OF A

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QUOTA FOR REFINED PRODUCTS WHICH WOULD PERMIT THE CONSTRUCTION OF THE PROPOSED REFINERY.

5. IN RESPONSE, I NOTED THE POSITIVE FACTORS MENTIONED ABOVE-- ENERGY SHORTAGES IN THE U. S., THE LIMITATIONS ON OFFICIAL AID AND OUR PREFERENCE FOR PRIVATE VENTURES, AND AGREED TO INFORM THE USG OF THE REQUEST.

6. THE NEXT DAY, BY PRE- ARRANGEMENT, JOSEPH GOLAN CALLED AT THE EMBASSY TO FILL US IN ON THE PROPOSAL. GOLAN, WHO IS STILL AN

ISRAELI CITIZEN BASED MAINLY IN ROME, BUT WHO CONTEMPLATES TAKING UP US RESIDENCE AND EVENTUAL CITIZENSHIP SOON, WAS FORMERLY ACTIVE WITH NAHUM GOLDMANN IN IMMIGRATION ACTIVITIES OF THE WORLD JEWISH CONGRESS. HE WAS AN ECONOMIC ADVISOR TO SENGHOR FOR ABOUT TWO YEARS IN THE DAYS OF AMBASSADOR KAISER (1961-64) AND SAID HE SPENDS A COUPLE OF WEEKS A YEAR IN SENEGAL COUNSELING HIS OLD FRIEND. HE IS A SORT OF FINANCIAL AND INVESTMENT ADVISER, WITH A COMPANY OF HIS OWN, ECONOMIC DEVELOPMENT CORPORATION, BASED AT PIAZZALE FLAMINIO 19, ROME. HE ALSO WORKS OUT OF 10 EAST 40 TH STREET, NEW YORK, WHEN IN THE US. THE OTHER FIRMS INVOLVED IN THIS PARTICULAR PROPOSAL ARE OIL VENTURES, LTD., OF 122 EAST 42 ND STREET (PHONE 212-682-3305), AND MARITIME FRUIT AND GENERAL MARITIME, WHICH CAN BE REACHED AT THAT ADDRESS. AND, OF COURSE, MR. LINOWITZ IN WASHINGTON. OTHERS INVOLVED IN THE DISCUSSIONS HAVE BEEN DAVID MORSE, AND THOMAS KENNEALLY OF INTERNATIONAL SYSTEMS AND CONTROLS, WHO HAVE OTHER INTERESTS IN SENEGAL. MARKETING IN THE US WOULD BE BY CITIES SERVICE AND ANOTHER LARGE UNNAMED DISTRIBUTER.

7. GOLAN SAID THAT A MEETING HAS BEEN ARRANGED IN ROME ON MARCH 29 BETWEEN PRESIDENT SENGHOR AND SEVERAL OF HIS MINISTERS AND MESSRS. LINOWITZ, MORSE, AND YAACOV MERIDOR, CHAIRMAN OF THE BOARD OF MARITIME FRUIT.

THIS IS TO BE FOLLOWED BY FORMAL MISSIONS BY THE GOS TO IRAN AND NIGERIA IN APRIL AND MAY TO SECURE THE NECESSARY COMMITMENTS AS TO SUPPLY OF CRUDE. THE PLAN WOULD BE TO START WITH ONE 5 MILLION TON REFINERY UNIT WITH AN IMMEDIATE OPTION FOR A SECOND, AND TO EXPAND TO THE EVENTUAL 20 MILLION TONS OVER PERHAPS TEN YEARS, PARTLY AS TANKER CAPACITY BECOMES AVAILABLE TO THE CONSORTIUM PARTIES.
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8. GOLAN AGREED WITH EMBASSY ASSESSMENT THAT INASMUCH AS ESTABLISHMENT OF SUCH A SPECIAL QUOTA FOR IMPORTED REFINED PRODUCTS, EVEN THOUGH THE ULTIMATE 20 MILLION TON FIGURE WOULD NOT BE A SIGNIFICANT ELEMENT IN THE LARGE US MARKET, WOULD UNDOUBTEDLY POSE PROBLEMS FOR THE USG WHICH WOULD ULTIMATELY HAVE TO BE CONSIDERED AND RESOLVED AT VERY HIGH GOVERNMENTAL LEVELS , IT WOULD BE SOMEWHAT PREMATURE FOR THE GOS TO PRESS TOO HARD FOR A USG REPLY AT THIS TIME. IT SEEMED PREFERABLE TO WAIT UNTIL THE ROME MEETING AND THE IRAN AND NIGERIA MISSIONS HAD SETTLED THE CRUDE SUPPLY QUESTION. AFTER THOSE PROBLEMS HAVE BEEN RESOLVED, IT WOULD BE TIME FOR THE GOS TO RENEW ITS REQUEST FOR USG CONSIDERATION OF THE QUOTE QUESTION. WE WERE LED TO BELIEVE THAT SUCH A RENEWED REQUEST MIGHT TAKE THE FORM OF A PRESIDENTIAL LETTER.

9. COMMENT : WHILE THERE ARE OBVIOUSLY MANY PROBLEMS TO BE WORKED OUT IN THIS PROPOSAL, IF THEY ARE SOLVED THE PROJECT

MAY OFFER MANY ADVANTAGES BOTH TO SENEGAL AND TO THE U. S.--
INVESTMENT AND TRADE RATHER THAN AID, ASSISTANCE IN THE US
ENERGY CRISIS, AND POSSIBLE OPENINGS FOR US CONTRACTORS ,
BUILDERS AND SUPPLIERS. FURTHERMORE, THE PARTIES INVOLVED APPEAR,
AT LEAST FROM OUR VANTAGE POINT, TO BE SUBSTANTIAL. IT MIGHT
ALSO BE POINTED OUT THAT WHILE THE TWO PROJECTS ARE NOT
CONNECTED, THIS WOULD FIT IN WITH THE IBRD STUDY FOR A SUPERTANKER
REPAIR FACILITY IN THE DAKAR AREA IN MAKING SENEGAL A MAJOR STOP
ON THE WORLD TANKER ROUTES. WE SHALL CONTINUE TO FOLLOW
DEVELOPMENTS IN THIS AREA OVER THE NEXT FEW MONTHS. CLARK
UNQUOTE. ROGERS

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<< END OF DOCUMENT >>

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